

11 August 1988

STAT MEMORANDUM TO: [REDACTED]  
Office of Congressional Affairs  
7D43 HQS

STAT FROM: [REDACTED]  
C/IOD/EBB

SUBJECT: Full Committee Mark-Up Hearing on H.R. 5102  
Federal Employees Health Benefits Amendments Act of 1988

1. Yesterday I attended the full Committee on Post Office and Civil Service hearing during which H.R. 5102 (Federal Employees Health Benefits Amendments Act of 1988) was presented along with a number of other bills. (See copy of Agenda attached). Mr. Ackerman presented H.R. 5102 and a series of amendments which were accepted as a group. I have attached a copy of the Ackerman Amendment as distributed but I am sure that there were other provisions mentioned in Ackerman's verbal comments which are not addressed on the handout. The microphones were bad and I was not able to understand the first one, but the second dealt with no carriers being excluded from the provisions of this law, and the third was that the Administrative fee would not exceed 2%. I have also attached the Summary of the bill which was made available at the Hearing.

2. I have included a copy of a letter received from Mutual of Omaha's Legislative Counsel, George Cary, also dealing with this proposed legislation. While waiting for a quorum to be assembled so that the meeting could start (a process that took 1 1/2 HOURS), I was party to a conversation between Mr. Cary and Bob Levy, Legislative Director of the Compensation Subcommittee. Bob indicated that the idea was that each Government entity would be responsible for collecting the premiums for their own resignees REGARDLESS of which FEHB insurance plan they chose to subscribe to. So our obligation as an Agency was very similar as that of Spouse Equity. Then, as a carrier, we would be paid part of the admin fee collected by OPM (the infamous no more than 2%) to maintain enrollment records and pay claims. It would be the responsibility of the Agency to monitor length of eligibility.

3. I don't see how or where it would be appropriate for the Agency to request that language be interjected into this bill stating that the Agency wants to invoke its special powers. I believe the biggest area of impact will be on the administrative side as I indicated in my previous message.

4. Please feel free to contact me if I can offer any more information or ideas on this issue.

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cc: [REDACTED]

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Address all correspondence to

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Phone (202) 393-6200

GEORGE L. CARY  
Legislative Counsel

August 1, 1988

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I am forwarding with this note a rough copy of a bill introduced by Representative Gary Ackerman (D-NY), Chairman of the Compensation and Employee Benefits Subcommittee of the House Committee on Post Office and Civil Service.

The bill, H.R. 5102, is co-sponsored by all members of the Compensation Subcommittee, Democrats and Republicans alike, and at least one of its provisions was requested by the Office of Personnel Management. I understand that the legislation has Administration support. Mark-up has been scheduled for Wednesday, August 3, 1988.

Title I of the bill provides OPM with the ability to exclude from participation in the FEHBP any health care provider who submits fraudulent claims, has been convicted of financial misconduct or has had his or her license suspended. Title II provides for COBRA-type continuation of health insurance coverage to FEHBP enrollees who are terminated from Federal service or who voluntarily leave Government employment. If this legislation is enacted, we can expect that any pertinent amendments to COBRA enacted by this Congress will be made applicable to Federal employees also.

*Would like to get together with you all during the August recess. We'll give you a call.*

*George*  
George L. Cary

Attachments

cc:



GLC:kag

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# House of Representatives

## Committee on Post Office and Civil Service

Washington, DC 20515

TELEPHONE (202) 225-4054

### COMMITTEE ON POST OFFICE AND CIVIL SERVICE AGENDA

Wednesday, August 10, 1988  
9:45 a.m.

1. H.R. 4712, to reauthorize the Office of Government Ethics, and for other purposes.
2. H.R. 5102, the "Federal Employees Health Benefits Amendments Act of 1988".
3. H.R. 387, the "Federal Equitable Pay Practices Act of 1987".
4. H.R. 4443, the "Martin Luther King, Jr., Federal Holiday Commission Extension Act".
5. H.R. 4432, to amend title 13, United States Code, to require certain detailed tabulations relating to Asian Americans and Pacific Islanders in the decennial censuses of population.
6. H.R. 4550, to amend title 13, United States Code, to improve the administration of decennial censuses of population, and for other purposes.
7. H.R. 4720, to amend title 13, United States Code, to provide for the inclusion of members of the uniformed services and civilian employees of the Government assigned to posts of duty outside the United States, and their dependents, in censuses of population for purposes of the apportionment of Representatives in Congress.
8. H.R. 1472, to designate the post office building being constructed in West Liberty, Texas, as the "M.P. Daniel and Thomas F. Calhoon, Senior, Post Office Building".

SUMMARY OF H.R. 5102  
THE FEDERAL EMPLOYEES HEALTH BENEFITS  
AMENDMENTS ACT OF 1988

Source: H.R. 5102 was introduced on July 28, 1988, by Mr. Ackerman, Mrs. Morella, Ms. Oakar, Mr. Myers and Mr. Leland.

Purpose: To protect the Federal Employees' Health Benefit Program (FEHBP) and its enrollees from unfit health care providers, and providers who commit certain types of financial misconduct. To provide temporary continuation of FEHBP coverage to separated enrollees, their unmarried dependent children, and certain former spouses.

Summary: H.R. 5102 amends chapter 89 of title 5, United States Code, to empower the Office of Personnel Management (OPM) to exclude certain health care providers from participating in FEHBP. The actions for which a provider may be barred include: conviction relating to fraud, corruption, breach of fiduciary responsibility, financial misconduct, neglect or abuse of patients, obstruction or interference with an investigation, or crimes concerning a controlled substance; the revocation, suspension, restriction, or nonrenewal of a license; and the submission of fraudulent claims, claims which contain charges substantially in excess of usual charges, or claims for services which were medically unnecessary or which fail to meet professionally recognized standards. In addition, OPM is authorized to impose civil monetary penalties on providers in instances of improper claims. This provision is similar to the exclusion section in the Medicare and Medicaid programs.

In addition, H.R. 5102 amends chapter 89 to provide for the temporary continuation of FEHBP coverage for separated employees, their unmarried dependent children, and certain former spouses. Employees would be permitted to extend their health insurance coverage for up to 18 months, and their children and former spouses may extend coverage for up to 36 months. Beneficiaries would be required to pay an amount equal to the combined employee and agency contribution to continue FEHBP coverage. Additionally, the Office of Personnel Management (OPM) may charge no more than an additional 2% of the total premium to cover administrative expenses. This section is similar to the continuation coverage which was afforded to private sector employees in the Consolidated Omnibus Reconciliation Act of 1985.

Background: The Subcommittee on Compensation and Employee Benefits held oversight hearings relating to FEHBP on May 11 and May 18, 1988. H.R. 5102 incorporates two changes to FEHBP which were suggested at the May 11 hearing. On August 3, 1988, the Subcommittee approved H.R. 5102, without amendment, for full Committee consideration, by a unanimous vote.

Administration Views: During the May 11 hearing, the Director of OPM testified in support of legislation which would provide OPM with the authority to exclude certain health care providers from participating in FEHBP. In response to follow-up questions, OPM wrote that any proposal to provide continuation of FEHBP coverage should be budget-neutral.

Cost: The Subcommittee has been advised by the Congressional Budget Office that H.R. 5102 is budget-neutral.

ACKERM076

AMENDMENT TO H.R. 5102  
OFFERED BY MR. ACKERMAN

Page 14, strike lines 23 and 24 and insert the following:

1           lation require)--  
2                ``(I) to the employee's employing agency; or  
3                ``(II) in the case of an annuitant, to the  
4           Office; and

Page 15, strike lines 1 and 2 and insert the following:

5                ``(ii) if the notice referred to in clause (i) is  
6           received within 60 days after the date as of

Page 15, line 4, strike ``carrier`` and insert  
``employing agency or the Office (as the case may be)``.

Page 16, line 22, strike ``subparagraph (A).`` and insert  
``clause (i).``.

Page 19, strike lines 10 through 14.

Page 19, line 15, strike ``(g)(1)`` and insert  
``(f)(1)``.

ACKERM076

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Page 20, line 12, strike ``subsections (d) and (f),`` and  
insert ``subsection (d),``.